

### **WRITTEN NOTICE**

### **MARKET RISK CONSOLIDATION PERMISSION**

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To: HSBC Holdings Plc (FRN 203795) (“the company”)

Of: 8 Canada Square, London, United Kingdom, E14 5 HQ

Date: 23 June 2022

#### **DECISIONS**

1. In accordance with the discretions afforded to the PRA by Article 325b of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as it forms part of retained EU law (the “CRR”), the PRA has decided to grant the company the permission to use positions in one institution or undertaking to offset positions in another institution or undertaking only for the purpose of calculating net positions and own funds requirements for market risk in accordance with Title IV of the CRR on a consolidated basis on the terms and conditions set out in Annex 1 (the “Market Risk Consolidation Permission”).
2. If the company ceases to comply with the conditions for granting of this Market Risk Consolidation Permission set out in Article 325b(2) and Article 325b(3) of the CRR or the terms and conditions of the Market Risk Consolidation Permission set out in Annex 1, the PRA will re-consider the terms and conditions of the Market Risk Consolidation Permission including a revocation of the Market Risk Consolidation Permission in whole or in part.
3. The Market Risk Consolidation Permission takes effect on 1 July 2022 and expires on 30 June 2025.



4. Details of the Market Risk Consolidation Permission will be published.

**Simon Jackson**

**Acting Head of Division, UK Global Banks**

**For and on behalf of The Prudential Regulation Authority**

## **ANNEX 1**

### **THE MARKET RISK CONSOLIDATION PERMISSION**

#### **Legal Entities**

1. The Market Risk Consolidation Permission means that the company may use positions in an institution or undertaking, listed in Table 1A and Table 1B only to offset positions in another institution or undertaking listed therein that uses the same measurement approach only for the purpose of calculating net positions and own funds requirements for market risk in accordance with Title IV of the CRR on a consolidated basis. For the avoidance of doubt, the company may only offset positions in an institution or undertaking that is permitted to use the Internal Model Approach (IMA) with positions in another institution or undertaking that also is permitted to use the IMA. Similarly the company may only offset positions in an institution or undertaking that uses the standardised approach with positions in another institution or undertaking that also uses the standardised approach.

**Table 1A**

<b>Institutions</b>	<b>Location</b>
HSBC Bank Plc	UK

**Table 1B**

<b>Institutions or undertakings located in third countries</b>	<b>Third country location</b>
HSBC Continental Europe	France
HSBC Malta plc	Malta
HSBC Securities (South Africa) (pty) Limited	South Africa
HSBC Bank A.S.	Turkey
HSBC Private Banking (Suisse) SA	Switzerland
HSBC Bank Middle East Limited	United Arab Emirates
HSBC Bank Canada	Canada
HSBC Securities (Canada) Inc.	Canada
HSBC Securities (USA) Inc.	United States of America
HSBC Bank USA, National Association	United States of America
The Hong Kong and Shanghai Banking Corporation Limited	Hong Kong
HSBC Bank Australia Limited	Australia
HSBC Bank (China) Limited	China
Hang Seng Bank Limited	Hong Kong
Hang Seng Bank (China) Limited	China
HSBC Securities (Japan) Limited	Japan

HSBC Bank (Singapore) Limited	Singapore
PT Bank HSBC Indonesia	Indonesia
HSBC Bank Malaysia Berhard	Malaysia
HSBC Bank Taiwan	Taiwan

### **Use of Internal Models**

2. In accordance with Sections 1, 2, 3, 4, & 5, Chapter 5, Title IV, Part 3 of the CRR, the company was granted permission to use the IMA with effect from 22 December 2021 (the "IMA Permission"). The company may therefore calculate net positions and own funds requirements on a consolidated basis for the purposes of this Market Risk Consolidation Permission using the IMA, on the terms and conditions of that IMA Permission.

## **ANNEX 2**

### **VERSION CONTROL**

<b>Version</b>	<b>Reference Number</b>	<b>Comment</b>	<b>Authorisation</b>	<b>Date</b>
1.0	1771661	The Market Risk Consolidation Permission Issued	David Rule – Director International UK Banks	30/04/2014
2.0	2031850	Renewal	Melanie Beaman – Head of Major UK International Banks	30/04/2015
3.0	2585805	Renewal	Melanie Beaman – Head of Major UK International Banks	30/4/2016
4.0	4240289	Renewal	Melanie Beaman – Head of Major UK International Banks	30/4/2017
5.0	4730481	Renewal	Melanie Beaman – Head of Major UK International Banks	31/10/2017
6.0	4885554	Renewal	Melanie Beaman – Director UK Deposit Takers	30/04/2018
7.0	5165346	Renewal	Simon Morley – Head of Major UK International Banks	30/04/2019
8.0	N/A	Permission granted to the Holding Company on a consolidated basis	SRPC	20/12/2021
9.0	N/A	Permission extended by two months	Russell Jackson – Head of UK Global Banks Supervision	26/04/2022
10.0	N/A	Renewal	Simon Jackson – Acting Head Of UK Global Banks Supervision	23/06/2022